

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6827

BILL NUMBER: SB 337

NOTE PREPARED: Jan 9, 2012

BILL AMENDED:

SUBJECT: Child Labor Law.

FIRST AUTHOR: Sen. Waltz

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill provides that a legal entity whose ownership is limited to the parents of an employed child or persons standing in place of the parent of an employed child is not subject to certain provisions of child labor law.

Civil Penalties: The bill provides for civil penalties to be assessed by the Department of Labor concerning employment certificate violations and hazardous occupation violations of child labor law, to be deposited in the Employment of Youth fund.

Forms: The bill provides that all blank forms necessary to carry out child labor law regulation be prepared by the department and supplied to issuing officers by means of electronic or printed publication, and repeals language providing that funds to pay expenses incurred by the department in printing and distributing these forms are appropriated annually out of any money in the state General Fund that is not otherwise appropriated.

Administrative Rules: It provides that the department may adopt rules to implement child labor law.

Benefits: The bill also provides for additional benefits under worker's compensation and occupational disease law for a minor who suffers harm when employed in an occupation designated as hazardous under the child labor provisions of the federal Fair Labor Standards Act.

Effective Date: July 1, 2012.

Explanation of State Expenditures: *Civil Penalties:* The bill would increase civil penalties for employment

certificate violations, age violations, and hazardous occupation violations of child labor law. Under current law, if a second violation occurs more than a year after a prior violation, the prior violation expires and is not considered in determining the civil penalty amount. Under this proposal, prior violations by an employer would expire after five years.

Civil penalties for child labor law violations are deposited in the Employment of Youth Fund. See the following tables for the changes in civil penalty amounts under the proposal.

Civil Penalties for Employment Certificate Violations		
	Current Law	Proposal
First Violation	Warning	\$50
Second Violation	\$50	\$100
Third Violation	\$75	\$200
Fourth or Subsequent Violation	\$100	\$200

Civil Penalties for Age Violations		
	Current Law	Proposal
First Violation	Warning	\$500
Second Violation	\$100	\$1000
Third Violation	\$200	\$1000
Fourth or Subsequent Violation	\$400	\$1000

Civil Penalties for Hazardous Occupation Violations		
	Current Law	Proposal
First Violation	Warning	\$1000
Second Violation	\$100	\$5000
Third Violation	\$200	\$5000
Fourth or Subsequent Violation	\$400	\$5000
Penalty if Child Suffers Serious Injury or Death	-	\$11,000-\$50,000

If additional civil actions occur and court fees are collected, revenue to the state General Fund may increase. A civil costs fee of \$100 would be assessed when a civil case is filed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court. In addition, some or all of the document storage fee (\$2), automated record keeping fee (\$5), judicial

salaries fee (\$19), public defense administration fee (\$5), court administration fee (\$5), and the judicial insurance adjustment fee (\$1) are deposited into the state General Fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

If the state as an employer violated affected provisions of child labor law, the state would face increased civil penalty costs.

Forms: Under the proposal, the costs of printing and distributing forms related to child labor law regulations would come from department administrative funds rather than be appropriated from the state General Fund.

Administrative Rules: The promulgation of rules is a routine administrative function of the department that should be accomplished within the existing level of resources available to the agency.

Benefits: Under current law, a minor, under the age of 17, working at a hazardous occupation who is injured on the job is eligible for double the amount of compensation and death benefits than would otherwise be recoverable. Under this bill, minors under the age of 18 would receive compensation and death benefits based on the greater of three times the amount of compensation and death benefits otherwise recoverable or monthly salary multiplied by 120. Under the proposal, compensation and death benefits paid to eligible injured minors would at least double compared to under current law. Compensation and death benefits are paid by employers and employers' insurance companies.

The bill would allow an insurance company to seek reimbursement from an employer for any compensation or benefits paid to a minor under the age of 18 or the minor's representative if the minor was working at a hazardous occupation not permitted by law. Under current law, insurance companies are liable for half of any compensation or benefits for minors under the age of 17 if the minor was working at a hazardous occupation not permitted by law.

The impact to the state would be as an employer and would likely be minimal.

Explanation of State Revenues: *Civil Penalties:* If additional civil actions occur, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$100 civil costs fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

Explanation of Local Expenditures: *Civil Penalties:* If local units as an employer violated affected provisions of child labor law, the local units would face increased civil penalty costs.

Benefits: The impact to local units would be as an employer.

Explanation of Local Revenues:

State Agencies Affected: All, Department of Labor, Workers' Compensation Board of Indiana.

Local Agencies Affected: All, trial courts, city and town courts.

Information Sources:

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